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PART II—Section 2

प्राधिकार से प्रकाशित

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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग सफलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed as a separate compilation.

LOK SABHA

The following Bill was introduced in Lok Sabha on 30th October, 1976:—

BILL No. 93 OF 1976

A Bill further to amend the Electricity (Supply) Act, 1948.

Be it enacted by Parliament in the Twenty-seventh Year of the Republic of India as follows:—

1. (1) This Act may be called the Electricity (Supply) Amendment Act, 1976.

Short title and commencement.

(2) It shall be deemed to have come into force on the 8th day of October, 1976.

54 of 1948.

2. In section 1 of the Electricity (Supply) Act, 1948 (hereinafter referred to as the principal Act), for sub-section (3), the following sub-section shall be substituted, namely:—

Amendment of section 1.

“(3) This section and sections 2, 3, 4, 4A, 4B, 4C, 15A, 18A, 26A; 28 to 34 (both inclusive), sub-section (2) of section 39, section 42, sub-section (3) of section 43 and sections 57, 57A, 57B, 58, 75A, 76, 77, 77A, 77B, 77C, 82 and 83 and the provisions of the Sixth and Seventh Schedules shall come into force at once.”

Amend-
ment of
section 2.

3. In section 2 of the principal Act,—

(a) after clause (4), the following clause shall be inserted, namely:—

‘(4A) “Generating Company” means a company formed—

(a) either by the Central Government or by any State Government; or

(b) jointly by the Central Government and one or more State Governments or by two or more State Governments,

and registered under the Companies Act, 1956;’

1 of 1956.

(b) in clause (5),—

(i) after the words “including any building and plant”, the brackets and words “(with step-up transformer, switchgear, cables or other appurtenant equipment, if any)” shall be inserted;

(ii) the words “for transforming, converting or distributing electricity” shall be omitted;

(c) in clause (6), for the words and figures “but, the provisions of section 26 of this Act notwithstanding, does not include the Board”, the words, figures and letter “but, the provisions of section 26 or 26A of this Act notwithstanding, does not include the Board or a Generating Company” shall be substituted;

(d) after clause (8), the following clause shall be inserted, namely:—

‘(8A) “power system” means a system under the control of the Government or any Board or Generating Company or other agency and having one or more—

(i) generating stations; or

(ii) main transmission lines and sub-stations; or

(iii) generating stations and main transmission lines and sub-stations;’

(e) in clause (9), for the words and figures “made under section 78”, the words “made under this Act” shall be substituted;

(f) after clause (11), the following clauses shall be inserted, namely:—

‘(11A) “sub-station” means a station for transforming or converting electricity for the transmission or distribution thereof and includes transformers, convertors, switchgear, capacitors, synchronous condensers, structures, cables and other appurtenant equipments and any buildings used for that purpose and the site thereof, a site intended to be used for any such purpose and any buildings used for housing the staff of the sub-station;

(11B) “tie-line” means a line for the transfer of electricity between two power systems together with switchgear and other works necessary to, and used for, the control of such line;’

(g) in clause (13), after the words "the Board", the words "or a Generating Company" shall be inserted.

4. In section 3 of the principal Act,—

Amend-
ment of
section 3.

(1) in sub-section (1),—

(a) in clause (i), for the words "and particularly to co-ordinate the activities of the planning agencies", the words "formulate short-term and perspective plans for power development and co-ordinate the activities of the planning agencies" shall be substituted;

(b) for clause (iii), the following clause shall be substituted, namely:—

"(iii) collect and record the data concerning the generation, distribution and utilisation of power and carry out studies relating to cost, efficiency, losses, benefits and such like matters;"

(c) after clause (iv), the following clauses shall be inserted, namely:—

"(v) advise any State Government, Board, Generating Company or other agency engaged in the generation or supply of electricity on such matters as will enable such Government, Board, Generating Company or agency to operate and maintain the power system, under its ownership or control, in an improved manner and, where necessary, in co-ordination with any other Government, Board, Generating Company or other agency owning or having the control of another power system;

(vi) promote and assist in the timely completion of schemes sanctioned under Chapter V;

(vii) make arrangements for advancing the skill of persons in the generation and supply of electricity;

(viii) carry out, or make arrangements for, any investigation for the purpose of generating or transmitting electricity;

(ix) promote research in matters affecting the generation, transmission and supply of electricity;

(x) advise the Central Government on any matter on which its advice is sought or make recommendation to that Government on any matter if, in the opinion of the Authority, the recommendation would help in improving the generation, distribution and utilisation of electricity; and

(xi) discharge such other functions as may be entrusted to it by or under any other law.";

(2) in sub-section (2), for the words "not more than six members", the words "not more than fourteen members of whom not more than eight shall be full-time members" shall be substituted;

(3) after sub-section (2), the following sub-section shall be inserted, namely:—

“(2A) A full-time member shall be a person who has experience of, and has shown capacity in,—

- (a) design, construction, operation and maintenance of generating stations;
- (b) transmission and supply of electricity;
- (c) applied research in the field of electricity;
- (d) applied economics; or
- (e) industrial, commercial or financial matters.”;

(4) in sub-section (3), for the words “one of the members”, the words “one of the full-time members” shall be substituted;

(5) after sub-section (4), the following sub-sections shall be inserted, namely:—

“(4A) The Chairman of the Authority and the other full-time members shall receive such salaries and allowances as may be determined by the Central Government and the other members shall receive such allowances and fees for attending the meetings of the Authority, as the Central Government may prescribe.

(4B) The other terms and conditions of service of the members of the Authority [including, subject to the provisions of sub-section (4), their terms of office] shall be such as the Central Government may prescribe.”;

(6) in sub-section (5),—

(i) for the words “be directly or indirectly concerned or interested in or have any share or interest”, the words “have any share or interest for his own benefit, whether in his own name or otherwise,” shall be substituted;

(ii) for the words “fuel, solid or liquid, for the generation of electricity”, the words “fuel, in whatever form, for the generation of electricity or in the manufacture of electrical equipment” shall be substituted;

(7) for sub-section (7), the following sub-sections shall be substituted, namely:—

“(7) The Chairman of the Authority may, by order, appoint any two or more members of the Authority to act on behalf of the Authority in relation to any matter referred to in clause (ii) of sub-section (1).

(8) No act or proceeding of the Authority shall be invalid merely on the ground of the existence of any vacancy in, or any defect in the constitution of, the Authority.”.

Amend-
ment of
section 4.

5. In section 4 of the principal Act,—

(a) for the words “State Electricity Board”, the words “State Electricity Board, Generating Company,” shall be substituted;

(b) after the words “or his own use”, the words “or consuming electricity” shall be inserted:

(c) for the words "and returns", the words ", returns or other information" shall be substituted.

6. After section 4 of the principal Act, the following sections shall be inserted, namely:—

"4A. (1) In the discharge of its functions, the Authority shall be guided by such directions in matters of policy involving public interest as the Central Government may give to it in writing.

(2) If any question arises as to whether any such direction relates to a matter of policy involving public interest, the decision of the Central Government thereon shall be final.

4B. (1) The Central Government may, by notification in the Official Gazette, make rules for carrying out the purposes of this Chapter.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) the functions and duties of the Authority and the manner in which such functions and duties shall be exercised and performed, under sub-section (1) of section 3;

(b) the terms and conditions of service of the Chairman and other members of the Authority (including the allowances and fees payable to members, but not including the salaries and allowances payable to the Chairman and other full-time members, of the Authority) under sub-section (4A) and sub-section (4B) of section 3;

(c) any other matter which is required to be, or may be, prescribed by the Central Government.

(3) Every rule made by the Central Government under this Chapter shall be laid, as soon as may be after it is made, before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

4C. The Authority may make regulations, not inconsistent with the provisions of this Act and the rules made by the Central Government thereunder, to provide for all or any of the following matters, namely:—

(a) summoning and holding of meetings of the Authority, the times and places at which such meetings shall be held, the conduct of business thereat and the number of members required to constitute a quorum;

Insertion
of new
sections
4A, 4B
and 4C.

Directions
by
Central
Govern-
ment to
the
Autho-
rity.

Power
of
Central
Govern-
ment to
make
rules.

Power
of Autho-
rity to
make
regula-
tions.

(b) any other matter arising out of the functions of the Authority under this Act for which it is necessary or expedient to make regulations.”.

Substi-
tution of
new
heading
for
heading
under
Chapter III.

7. In Chapter III of the principal Act, for the heading “STATE ELECTRICITY BOARDS”, the following heading shall be substituted, namely:—

“STATE ELECTRICITY BOARDS, GENERATING COMPANIES, STATE ELECTRICITY CONSULTATIVE COUNCILS AND LOCAL ADVISORY COMMITTEES”.

Insertion of
new
section
15A.

8. After section 15 of the principal Act, the following section shall be inserted, namely:—

Forma-
tion,
objects,
juris-
diction,
etc., of
Generat-
ing
Com-
panies

“15A. (1) The Central Government or any State Government, or the Central Government and one or more State Governments, or two or more State Governments, jointly may form a Generating Company with such name as may be specified in the memorandum of association of the company.

(2) The main objects of a Generating Company shall be—

(i) establishing, operating and maintaining generating stations and tie-lines, sub-stations and main transmission lines connected therewith;

(ii) operating and maintaining such generating stations, tie-lines, sub-stations and main transmission lines as are assigned to it by the Government or Governments forming the Generating Company (hereinafter referred to as the promoting government).

(3) The Generating Company shall carry on its activities within such areas as the promoting government or promoting governments may, from time to time, specify in this behalf.

(4) Such number of the members of the Board of directors of a Generating Company as the promoting government thinks fit or, where there are more promoting governments than one, as may be agreed upon by such promoting governments, may be appointed as full-time members thereof.

(5) A full-time member of the Board of directors of a Generating Company shall be a person who has experience of, and has shown capacity in,—

(a) design, construction, operation and maintenance of generating stations;

(b) transmission and supply of electricity;

(c) applied economics;

(d) organising workers;

(e) industrial, commercial or financial matters; or

(f) administration in a Government Department or other establishment.

(6) The provisions of section 9 shall, so far as may be, apply to every member of the Board of directors of a Generating Company as they apply to a member of the Board.

1 of 1956.

(7) A company within the meaning of section 3 of the Companies Act, 1956, formed before the commencement of the Electricity (Supply) Amendment Act, 1976, by the Central Government or any State Government or the Central Government and one or more State Governments, or two or more State Governments, jointly and functioning on such commencement, having as its main objects all or any of the matters specified in sub-section (2), shall be deemed, for all purposes, to be a Generating Company under this Act."

9. In section 16 of the principal Act,—

Amendment of section 16.

(1) in sub-section (2), for the words "the members of the Board", the words "the members of the Board and, if there are any Generating Company or Generating Companies operating in the State, one representative of the Generating Company or each of the Generating Companies, to be nominated by the Generating Company concerned," shall be substituted;

(2) in sub-section (5),—

(a) in clause (i) and clause (ii), for the words "the Board", the words "the Board and the Generating Company or Generating Companies, if any, operating in the State" shall be substituted;

(b) in clause (iii), for the words "the Board", the words "the Board or the Generating Company or Generating Companies, if any, operating in the State" shall be substituted.

10. In Chapter IV of the principal Act, in the heading, for the words "STATE ELECTRICITY BOARDS", the words "STATE ELECTRICITY BOARDS AND GENERATING COMPANIES" shall be substituted.

Amendment of heading under Chapter IV.

11. For section 18 of the principal Act, the following sections shall be substituted, namely:—

Substitution of new sections for section 18.

"18. Subject to the provisions of this Act, the Board shall be charged with the following general duties, namely:—

General duties of the Board.

(a) to arrange, in co-ordination with the Generating Company or Generating Companies, if any, operating in the State, for the supply of electricity that may be required within the State and for the transmission and distribution of the same, in the most efficient and economical manner with particular reference to those areas which are not for the time being supplied or adequately supplied with electricity;

(b) to supply electricity as soon as practicable to a licensee or other person requiring such supply if the Board is competent under this Act so to do;

(c) to exercise such control in relation to the generation, distribution and utilisation of electricity within the State as is provided for by or under this Act;

(d) to collect data on the demand for, and the use of, electricity and to formulate perspective plans in co-ordination with the Generating Company or Generating Companies, if any, operating in the State, for the generation, transmission and supply of electricity within the State;

(e) to prepare and carry out schemes for transmission, distribution and generally for promoting the use of electricity within the State; and

(f) to operate the generating stations under its control in co-ordination with the Generating Company or Generating Companies, if any, operating in the State and with the Government or any other Board or agency having control over a power system.

Duties
of
Genera-
ting
Company.

18A. (1) Subject to the provisions of this Act, a Generating Company shall be charged with the following duties, namely:—

(a) to establish, operate and maintain such generating stations and tie-lines, sub-stations and main transmission lines connected therewith, as may be required to be established by the promoting government or promoting governments in relation to the Generating Company;

(b) to operate and maintain in the most efficient and economical manner the generating stations, tie-lines, sub-stations and main transmission lines, assigned to it by the promoting government or promoting governments in co-ordination with the Board or Boards, as the case may be, and the Government or agency having control over the power system, if any, connected therewith; and

(c) to carry out, subject to the provisions of section 21, detailed investigations and prepare schemes, in co-ordination with the Board or Boards, as the case may be, for establishing generating stations and tie-lines, sub-stations and transmission lines connected therewith, in such manner as may be specified by the Authority.

(2) Without prejudice to the generality of its duties under section 18, the Board shall, until a Generating Company begins to operate in any State, perform the duties of a Generating Company under this section in that State.”

Substitu-
tion of
new
section
for
section
20A.

12. For section 20A of the principal Act, the following section shall be substituted, namely:—

Leasing
out, etc.,
of gene-
rating
stations.

“20A. The State Government may, in respect of any generating station owned by it (including transmission lines and other works connected therewith) make arrangements with the Board or a Generating Company for its operation and maintenance on such terms and conditions as may be agreed upon between the State Government and the Board or the Generating Company, as the case may be.”

Amend-
ment of
section
21,

13. In section 21 of the principal Act, in the opening paragraph,—

(a) for the words “The Board may”, the words “The Board or a Generating Company may” shall be substituted;

(b) for the words "in the opinion of the Board", the words "in the opinion of the Board or the Generating Company, as the case may be," shall be substituted;

(c) the words "and in such manner as the Authority may, from time to time, specify" shall be inserted at the end.

14. After section 26 of the principal Act, the following section shall be inserted, namely:—

Insertion
of new
section
26A.

Applica-
bility of
the provi-
sions of
Act 9 of
1910 to
Generat-
ing Com-
pany.

9 of 1910.

"26A. (1) Notwithstanding anything contained in sub-section (2), nothing in the Indian Electricity Act, 1910, shall be deemed to require a Generating Company to take out a licence under that Act, or to obtain sanction of the State Government for the purpose of carrying on any of its activities.

9 of 1910.

(2) Subject to the provisions of this Act, sections 12 to 19 (both inclusive) of the Indian Electricity Act, 1910 and clauses XIV to XVII (both inclusive) of the Schedule thereto, shall, as far as may be, apply in relation to a Generating Company as they apply in relation to a licensee under that Act (hereafter in this section referred to as the licensee) and in particular a Generating Company may, in connection with the performance of its duties, exercise—

9 of 1910.

(a) all or any of the powers conferred on a licensee by sub-section (1) of section 12 of the Indian Electricity Act, 1910, as if—

(i) the reference therein to licensee were a reference to the Generating Company;

(ii) the reference to the terms and conditions of licence were a reference to the provisions of this Act and to the articles of association of the Generating Company; and

(iii) the reference to the area of supply were a reference to the area specified under sub-section (3) of section 15A in relation to the Generating Company;

9 of 1910.

(b) all or any of the powers conferred on a licensee by sub-section (1) of section 14 of the Indian Electricity Act, 1910, as if—

(i) the references therein to licensee were references to the Generating Company; and

(ii) the Generating Company had the powers of a licensee under the said Act.

9 of 1910.

(3) The provisions of section 30 of the Indian Electricity Act, 1910, shall not apply to the transmission or use of energy by a Generating Company.

9 of 1910.

(4) For the removal of doubts, it is hereby declared that sections 31 to 34 (both inclusive) of the Indian Electricity Act, 1910, shall apply to a Generating Company."

15. In section 27 of the principal Act, for the words "The Board", the words "The Board or a Generating Company" shall be substituted

Amend-
ment
of sec-
tion 27,

Substitution of new heading for heading under Chapter V.

16. In Chapter V of the principal Act, for the heading, the following heading shall be substituted, namely:—

"THE WORKS AND TRADING PROCEDURE OF THE BOARD AND THE GENERATING COMPANY".

Substitution of new sections for sections 28 and 29.

17. For sections 28 and 29 of the principal Act, the following sections shall be substituted, namely:—

"28. (1) For the efficient performance of its duties under this Act, the Board or a Generating Company, as the case may be, may prepare one or more schemes, relating to the establishment or acquisition of generating stations, tie-lines, sub-stations or transmission lines as are referred to in clause (e) of section 18 or clause (c) of sub-section (1) of section 18A, as the case may be.

(2) The Board or, as the case may be, the Generating Company, which has prepared a scheme, may sanction such scheme either generally or in respect of any part of the area specified in the scheme and where a scheme has been sanctioned in respect of any part of the area, such scheme may subsequently be sanctioned in respect of any other part of that area:

Provided that where the scheme is of the nature referred to in sub-section (1) of section 29, the scheme shall not be sanctioned (generally or for part of an area) by the Board or the Generating Company except with the previous concurrence of the Authority.

(3) Every scheme sanctioned under this section shall be published in the Official Gazette and in such local newspapers as the Board or, as the case may be, the Generating Company may consider necessary.

Submission of schemes for concurrence of Authority, etc.

29. (1) Every scheme estimated to involve a capital expenditure exceeding one crore of rupees shall, as soon as may be after its preparation, be submitted to the Authority for its concurrence.

(2) Before finalisation of any scheme of the nature referred to in sub-section (1) and the submission thereof to the Authority for concurrence, the Board or, as the case may be, the Generating Company shall cause such scheme, which among other things shall contain the estimates of the capital expenditure involved, salient features thereof and the benefits that may accrue therefrom, to be published in the Official Gazette of the State concerned and in such local newspapers as the Board or the Generating Company may consider necessary along with a notice of the date, not being less than two months after the date of such publication, before which licensees and other persons interested may make representations on such scheme.

(3) The Board or, as the case may be, the Generating Company may, after considering the representations, if any, that may have been received by it and after making such inquiries as it thinks fit,

modify the scheme and the scheme so finally prepared (with or without modifications) shall be submitted by it to the Authority along with the representations.

(4) A copy of the scheme finally prepared by the Board or, as the case may be, the Generating Company under sub-section (3) shall be forwarded to the State Government or State Governments concerned:

Provided that where the scheme has been prepared by a Generating Company in relation to which the Central Government is the promoting government or one of the promoting governments, a copy of the scheme finally prepared shall be forwarded also to the Central Government.

(5) The Authority may give such directions as to the form and contents of a scheme and the procedure to be followed in, and any other matter relating to, the preparation, submission and approval of such scheme, as it may think fit.

(6) In respect of any scheme submitted to the Authority for its concurrence under sub-section (1), the Board or, as the case may be, the Generating Company shall, if required by the Authority so to do, supply any information incidental or supplementary to the scheme within such period, being not less than one month, as may be specified by the Authority."

18. In section 30 of the principal Act,—

(a) for the opening paragraph, the following shall be substituted, namely:—

"The Authority shall, before concurring in any scheme submitted to it under sub-section (1) of section 29, have particular regard to, whether or not in its opinion—";

(b) in clause (a),—

(i) the words "by the Board" shall be omitted;

(ii) for the words "shall satisfy itself", the words "shall satisfy itself, after consultation with the State Government, the Central Government, or such other agencies as it may deem appropriate," shall be substituted;

(c) after clause (e), the following clauses shall be inserted, namely:—

"(f) in the case of a scheme in respect of thermal power generation, the location of the generating station is best suited to the region, taking into account the optimum utilisation of fuel resources, the distance of load centre, transportation facilities, water availability and environmental considerations;

(g) the scheme conforms to any other technical, economic or other criteria laid down by the Authority in accordance with the national power policy evolved by it in pursuance of the provisions contained in clause (i) of sub-section (1) of section 3."

Amend-
ment
of section
30.

Substitution of new sections for sections 31, 32 and 33.

Concurrence of Authority to scheme submitted to it by Board or Generating Company.

19. For sections 31, 32 and 33 of the principal Act, the following sections shall be substituted, namely:—

“31. (1) Where a scheme is submitted to the Authority under sub-section (1) of section 29, the Authority may, having regard to the matters referred to in section 30, either concur in the scheme without modification or require the Board or, as the case may be, the Generating Company to modify the scheme in such manner as the Authority specifies in the requisition so as to ensure that the scheme conforms to the national power policy evolved by the Authority in pursuance of the provisions contained in clause (i) of sub-section (1) of section 3 and in either case the Authority shall also communicate its decision to the State Government or State Governments concerned:

Provided that where the scheme was submitted for concurrence by a Generating Company in relation to which the Central Government is the promoting government or one of the promoting governments, the decision shall be communicated also to that Government.

(2) Where under sub-section (1) the Authority requires that a scheme may be modified, the Board or, as the case may be, the Generating Company may prepare a revised scheme in accordance with such requisition and submit it to the Authority for concurrence and thereupon the Authority shall, if satisfied that the revised scheme complies with the requisition, concur in the same.

Power to alter or extend schemes.

32. The Board or, as the case may be, the Generating Company may, from time to time, alter or extend a scheme by a supplementary scheme prepared and sanctioned in the manner hereinbefore provided:

Provided that any alterations or extensions of a scheme which are, in the opinion of the Board or, as the case may be, the Generating Company, minor in character may be made without preparing a supplementary scheme:

Provided further that where any alteration or extension of the nature referred to in the first proviso is made in respect of a scheme concurred in by the Authority, details of such alteration or extension shall be intimated to the Authority as soon as may be after such alteration or extension is made.

Provisions applicable to scheme prepared by State Government.

33. The provisions of sections 28 to 32 (both inclusive) shall, so far as may be, apply also in relation to a scheme prepared by a State Government for the generation, transmission or distribution of electricity.”

Amendment of section 34.

20. Section 34 of the principal Act shall be re-numbered as sub-section (1) thereof and after sub-section (1), as so re-numbered, the following sub-section shall be inserted, namely:—

“(2) Notwithstanding anything contained in this Act or any scheme made thereunder, no generating station owned by a Generating Company shall be designated as a controlled station.”

21. Section 38 of the principal Act shall be omitted.

Omission
of sec-
tion 38.

22. Section 39 of the principal Act shall be re-numbered as sub-section (1) thereof and after sub-section (1), as so re-numbered, the following sub-section shall be inserted, namely:—

Amend-
ment of
section
39.

“(2) Where a Generating Company has been established having its activities wholly or partly in a State, the State Government may direct the Board to make over any generating station established or acquired by the Board to the Generating Company subject to such terms and conditions as may be specified in the direction and the Board shall comply with such direction:

Provided that where the Central Government is the promoting government or one of the promoting governments in relation to the Generating Company, no direction shall be made by any State Government under this sub-section without the concurrence of the Central Government.”.

23. In section 41 of the principal Act,—

Amend-
ment of
section
41.

(a) in sub-section (1), for the words “the Board”, wherever they occur, the words “the Board or a Generating Company” shall be substituted;

(b) in sub-section (2), for the words “The Board may”, the words “The Board or a Generating Company may” shall be substituted.

24. Section 42 of the principal Act shall be re-numbered as sub-section (1) thereof and after sub-section (1), as so re-numbered, the following sub-section shall be inserted, namely:—

Amend-
ment of
section
42.

“(2) A Generating Company may, for the placing of wires, poles, wall-brackets, stays, apparatus and appliances for the transmission of electricity, or for the transmission of telegraphic or telephonic communications necessary for the proper co-ordination of the works of the Generating Company, exercise all or any of the powers which the Board may exercise under sub-section (1) and subject to the conditions referred to therein.”.

25. In section 43 of the principal Act, after sub-section (2), the following sub-section shall be inserted, namely:—

Amend-
ment of
section 43.

“(3) A Generating Company may, on such terms as may be agreed upon, enter into arrangements for the sale of electricity generated by it—

(a) with the Board constituted for the State or any of the States wherein such Generating Company is operating; or

(b) with any other person with the consent of the Government or Governments which, in relation to that Generating Company, is the promoting government or promoting governments.”.

Amend-
ment of
section 44.

26. In section 44 of the principal Act,—

(a) in sub-section (1), in the opening paragraph, after the words “created by a Central Act”, the words “or any Generating Company” shall be inserted;

(b) after sub-section (2), the following sub-section shall be inserted, namely:—

“(2A) The Board shall, before giving consent under sub-section (1), to the establishment or acquisition of a new generating station or to the extension or replacement of any major unit of plant or works, consult the Authority, in cases where the capacity of the new generating station or, as the case may be, the additional capacity proposed to be created by the extension or replacement exceeds twenty-five thousand kilowatts.”.

Amend-
ment of
section
72.

27. In section 72 of the principal Act,—

(a) for the words “the Board”, the words “the Board or a Generating Company” shall be substituted;

(b) for the words “or that the Board is unable so to develop”, the words “or the Generating Company so to develop” shall be substituted.

Amend-
ment of
section
73.

28. In section 73 of the principal Act, for the words “the Board shall co-ordinate its activities”, the words “the Board and the Generating Company shall co-ordinate their activities” shall be substituted.

Amend-
ment of
section
74.

29. In section 74 of the principal Act,—

(a) for the words “servant of the Board”, the words “servant of the Board or of a Generating Company” shall be substituted;

(b) for the words “authorised by the Board”, the words “authorised by the Board or by the Generating Company, as the case may be,” shall be substituted;

(c) for the words “duties by the Board”, the words “duties by the Board or by the Generating Company, as the case may be,” shall be substituted.

Amend-
ment of
section
75.

30. In section 75 of the principal Act, in sub-section (3),—

(a) for the words “or person”, the words “or person or agency” shall be substituted;

(b) the following proviso shall be inserted at the end, namely:—

“Provided that nothing in this sub-section shall be deemed to empower the Board to require a Generating Company to furnish it with any information or accounts.”.

Insert-
tion of
new
section
75A.

31. After section 75 of the principal Act, the following section shall be inserted, namely:—

Annual
reports
and
accounts
of Gene-
rating
Company.

“75A. (1) A Generating Company shall, before the expiry of the 31st December of each year, submit to the promoting government, or where there are more than one promoting government to all such promoting governments, a report giving an account of the activities, if any, which are likely to be undertaken by such Generating Company in the ensuing year together with a statement of

the estimated capital and revenue receipts and expenditure for that year in such form as may be specified by the promoting government or, as the case may be, the promoting governments.

(2) A Generating Company shall, as soon as may be after the end of each year, prepare a report giving an account of its activities during the previous year and shall, within six months from the date of closure of the year, forward to the promoting government, or where there are more than one promoting government, to all such promoting governments, the report together with a statement of accounts, in such form and containing such particulars as may be specified by the promoting government or the promoting governments, as the case may be, a copy of the balance-sheet and profit and loss account and the auditor's report, in relation to the accounts of the year aforesaid.

(3) For the purpose of preparing the statement of accounts referred to in sub-section (2), the depreciation to be provided every year shall be calculated in accordance with the same method as laid down by or under this Act for calculating depreciation in relation to the Board.

(4) The provisions of sub-sections (1) and (2) shall be in addition to and not in derogation of the provisions contained in the Companies Act, 1956, in relation to reports, statement of accounts and other documents required to be prepared or kept or submitted by a company within the meaning of section 3 of that Act."

1 of 1956.

32. In the Fifth Schedule to the principal Act,—

(a) in the heading, for the words "BY BOARD", the words "BY BOARD OR GENERATING COMPANY" shall be substituted;

Amend-
ment of
Fifth
Schedule.

(b) in paragraph I and paragraph II, for the words "the Board", wherever they occur, the words "the Board or the Generating Company" shall be substituted.

33. In the Sixth Schedule to the principal Act, in paragraph II, after sub-paragraph (3), the following sub-paragraph shall be inserted, namely:—

Amend-
ment
of Sixth
Schedule.

"(4) On the purchase of the undertaking, after the expiry, or on the revocation, of its licence or otherwise, all amounts of rebate lying undistributed to the consumers on the date of such purchase shall be handed over to the purchaser who, in turn, shall enter the same in his books of account, under the heading Consumers' Rebate Reserve and any amount lying undistributed in that Reserve shall be carried forward for distribution to the consumer concerned:

Provided that the share of money in the Consumers' Rebate Reserve payable to the consumers who are not traceable or who have ceased to be consumers in relation to that undertaking, may be utilised in the development works of the purchaser."

Repeal
and
saving.

34. (1) The Electricity (Supply) Amendment Ordinance, 1976, is hereby repealed.

13 of 1976.

(2) Notwithstanding such repeal, anything done or any action taken under the principal Act, as amended by the said Ordinance, shall be deemed to have been done or taken under the principal Act as amended by this Act.

STATEMENT OF OBJECTS AND REASONS

The country experienced serious power shortages during the last few years affecting the overall economy. A study in depth revealed that it was necessary to restructure and reorganise the electricity supply industry. The Electricity (Supply) Act, 1948, forms the basis for the organisational structure of the electricity supply industry in the country. It was, therefore, considered necessary to amend certain provisions of that Act and the Electricity (Supply) Amendment Bill, 1976, was introduced in the Rajya Sabha mainly to achieve the following objectives.

2. It was proposed to enlarge the scope and functions of the Central Electricity Authority in the interest of overall power development and to strengthen the Central Electricity Authority to undertake much larger responsibilities in evolving a national power policy, preparation of perspective and rolling plans, assisting in the timely completion of the power projects, maximising output from the existing power plants, developing a national grid and initiating programmes for research, development and training of personnel, etc.

3. With a view to develop expertise in the construction and operation of power generating stations, it was considered necessary to provide for creation of Generating Companies both by the Centre and the States mainly for power generation. Provisions were, therefore, proposed to be made in the Act for the establishment of Generating Companies by the Central and State Governments, individually or jointly, which would be responsible for the construction and operation of power stations, as well as for the allocation of functions and duties in relation to the generation and supply of electricity between the Generating Companies and the State Electricity Boards.

4. Certain modifications also were proposed to be made as to the existing procedure relating to the preparation and sanctioning of schemes for the establishment, and the acquisition of generating stations, tie-lines, sub-stations or transmission lines. It was proposed to provide that every scheme prepared by a State Electricity Board or Generating Company and estimated to involve a capital expenditure exceeding one crore of rupees shall be submitted to the Central Electricity Authority for its concurrence so that the scheme may conform to the national power policy evolved by the Authority.

5. Since the Bill was not passed before both the Houses of Parliament were prorogued and as the matter was of great urgency, an Ordinance, namely, the Electricity (Supply) Amendment Ordinance, 1976, was promulgated for the same purpose. The Bill seeks to replace the Ordinance.

NEW DELHI;
The 23rd October, 1976.

K. C. PANT

FINANCIAL MEMORANDUM

Sub-section (2) of section 3 of the Electricity (Supply) Act, 1948, provides that the Central Electricity Authority shall consist of not more than six members. Clause 4(2) of the Bill seeks to amend this sub-section so as to provide for the appointment of not more than fourteen members of whom not more than eight shall be full-time members. Under sub-section (3) of section 3 of the Act, as amended by clause 4(4) of the Bill one of the full-time members shall be the Chairman of the Central Electricity Authority. Sub-sections (4A) and (4B) newly proposed to be inserted in section 3 by clause 4(5) of the Bill provides for the payment of salary and allowances to the Chairman and other full-time members and allowances and fees to the part-time members, as well as to prescribe their terms and conditions of service. At present, under the existing provisions of the Act, for the six members (including the Chairman) the expenditure on pay and allowances, office expenditure, etc., works out to Rs. 3.75 lakhs approximately per annum. With the increase in the number of members including eight full-time members, the total annual expenditure on pay and allowances, etc., would go up to about Rs. 5.0 lakhs. Thus, the increase in annual expenditure on account of members' salary, etc., would be of the order of about Rs. 1.25 lakhs when eight full-time members are in position.

2. Clause 8 of the Bill seeks to insert a new section 15A. Sub-section (1) of this section envisages the formation of Generating Companies by the Central Government either by itself or jointly with one or more States. There are already three Generating Companies formed by the Central Government. Apart from that, there are no immediate plans to form other such Generating Companies. Further expenditure in this regard will arise only as and when a decision is taken in that behalf and the expenditure on that account cannot now be estimated.

3. There is no other recurring or non-recurring expenditure envisaged in the Bill.

MEMORANDUM REGARDING DELEGATED LEGISLATION

The new section 4B proposed to be inserted in the Electricity (Supply) Act, 1948 (hereinafter referred to as the principal Act), by clause 6 of the Bill, empowers the Central Government to make rules for carrying out the purposes of the Act. The various matters which may be provided for in such rules have been referred to in detail in sub-section (2) of that section. These mainly relate to the functions and duties of the Central Electricity Authority, the manner of exercise of such functions and duties and terms and conditions of service of the Chairman and other members of that Authority.

2. The new section 4C proposed to be inserted in the principal Act by clause 6 of the Bill empowers the Central Electricity Authority to make regulations to provide for the summoning and holding of meetings of that Authority, the conduct of business at such meetings and for other matters arising out of the functions of the Central Electricity Authority for which it may be necessary or expedient to make regulations.

3. The matters which the Central Government may provide for in rules are matters of detail necessary for the effective administration of the provisions of the principal Act and the matters regarding which the Central Electricity Authority is empowered to make regulations are matters of procedure. Delegation of legislative power is, therefore, of a normal character.

S. L. SHAKDHER,
Secretary-General.

